

Message Text

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14

ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 AID-05 EB-07 L-03 COME-00 TRSE-00

SIL-01 LAB-04 STR-04 H-02 PRS-01 PA-01 ABF-01 CIAE-00

INR-07 NSAE-00 SS-15 NSC-05 OMB-01 SP-02 AF-08 ARA-06

EA-07 NEA-10 INRE-00 NSCE-00 SSO-00 /116 W

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O R 061009Z JUL 76

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 9022

INFO USMISSION USUN NEW YORK

LIMITED OFFICIAL USE VIENNA 5560

E.O. 11652: N/A

TAGS: UNIDO, PORG, OCON, AORG, ABUD

SUBJECT: THIRD SESSION OF INTERGOVERNMENTAL COMMITTEE TO DRAFT
UNIDO CONSTITUTION - BUDGET AND BUDGET-MARKING PROCESS

REF: (A) VIENNA 5551, (B) VIENNA 5414

1. NO SIGNIFICANT FURTHER DISCUSSION ON THE PROCESS OF
CONSIDERING AND ADOPTING THE PROGRAM OF WORK AND CORRESPONDING
REGULAR BUDGET HAD TAKEN PLACE IN NEGOTIATING COMMITTEE BY
C.O.B. JULY 5. G-77 ARE STILL ENGAGED IN INTERNAL DEBATE
ON QUESTION OF EXTENT TO WHICH ACCEPT VARIOUS ELEMENTS
OF PROGRAM/BUDGET-MAKING PROCESS, INCLUDING SIZE AND
COMPOSITION OF PBC AND IDB, ON WHICH THERE HAD PREVIOUSLY
APPEARED TO BE AT LEAST TENTATIVE AGREEMENT. AT SHORT
JULY 5 NEGOTIATING COMMITTEE SESSION G-77 ANNOUNCED
THEY HOPED TO PRESENT NEW DRAFT PROPOSALS ON THE BUDGET.
PRIVATELY G-77 INDICATED THEY WERE NOT SATISFIED WITH
SECRETARIAT DRAFT REPORTED REF A.

2. MEANWHILE GROUP B WORKING PARTY HAD PRODUCED OVER THE
WEEKEND A FOUR-PARAGRAPH DRAFT TEXT ON THE QUESTION
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OF THE CONSIDERATION AND APPROVAL OF THE REGULAR

BUDGET WHICH AFTER CONSIDERATION IN FULL GROUP B
WAS CIRCULATED AS GROUP B PROPOSAL IN NEGOTIATING
COMMITTEE. TEXT READS AS FOLLOWS:

QUOTE. I. THE DIRECTOR GENERAL SHALL PREPARE AND
SUBMIT TO THE PROGRAMME AND BUDGET COMMITTEE, AT A TIME
SPECIFIED BY THE BOARD, FOR THE FOLLOWING FISCAL PERIOD,
A DRAFT PROGRAMME OF WORK, TOGETHER WITH THE CORRESPONDING
ESTIMATES FOR THOSE ACTIVITIES TO BE FINANCED FROM THE
REGULAR BUDGET.

THE DIRECTOR GENERAL SHALL, AT THE
SAME TIME, SUBMIT PROPOSALS AND FINANCIAL ESTIMATES FOR
THOSE ACTIVITIES TO BE FINANCED FROM DIRECT VOLUNTARY
CONTRIBUTIONS (ARTICLE 13).

II. THE PROGRAMME AND BUDGET COMMITTEE SHALL
CONSIDER THE PROPOSALS SUBMITTED TO IT BY THE DIRECTOR
GENERAL AND SUBMIT ITS RECOMMENDATIONS ON THE DRAFT
PROGRAMME OF WORK AND THE REGULAR BUDGET TO THE BOARD.
SUCH RECOMMENDATIONS SHALL REQUIRE A TWO-THIRD
AFFIRMATIVE VOTE OF THE MEMBERS OF THE COMMITTEE.

III. THE IDB SHALL, BY A TWO-THIRD AFFIRMATIVE
VOTE OF ITS MEMBERS ADOPT THE RECOMMENDATIONS OF THE
PROGRAMME AND BUDGET COMMITTEE WITH RESPECT TO THE
REGULAR BUDGET AND SUBMIT THESE TO THE GENERAL
CONFERENCE FOR APPROVAL. FAILING SUCH DECISION,
THE BOARD SHALL RETURN THE REGULAR BUDGET TO THE
PROGRAMME AND BUDGET COMMITTEE FOR RECONSIDERATION
IN THE LIGHT OF THE OBSERVATIONS AND RECOMMENDATIONS
OF THE BOARD.

IV. THE GENERAL CONFERENCE SHALL APPROVE
THE RECOMMENDATIONS OF THE BOARD WITH REGARD TO THE
REGULAR BUDGET BY A TWO-THIRD AFFIRMATIVE VOTE OF THE
MEMBERS OF THE CONFERENCE, FAILING WHICH THEY SHALL BE
RETURNED TO THE BOARD FOR RECONSIDERATION IN ACCORDANCE
WITH PARAGRAPH III ABOVE. UNQUOTE. LONG DISCUSSION
OF VOTING PROCEDURES TO APPLY AT DIFFERENT STAGES OF
THE BUDGET-MARKING PROCESS RESULTED IN GROUP B AGREEMENT
TO HOLD AT THIS STAGE TO FORMULA URGED BY USDEL - I.E.
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COUNTING TWO-THIRDS MAJORITIES AGAINST THE MEMBERSHIP OF
THE PBC, IDB AND GC. DEPT. WILL ALSO NOTE THAT GROUP B
DRAFT DOES NOT EXPLICITLY ADDRESS PROBLEM OF WHAT HAPPENS
IF THE IDB AND PBC CONTINUE TO DISAGREE (I.E. SHALL THE
BOARD HAVE THE POWER TO SUBMIT ITS OWN RECOMMENDATIONS TO
THE GC AND, IF SO, WUBJECT TO WHAT LIMITATIONS IF ANY.)
PARA IV ALSO LEAVES FUZZY QUESTION OF WHETHER A BUDGET
REJECTED BY THE GC SHALL END UP IN THE PBC FOR RECONSIDERATION

OR BE DELT WITH SOLELY IN THE IDB.

3. THUS FAR FRG HAS NOT COME UP WITH REVISION OF ARTICLE 10 BIS WHICH WOULD REFLECT ITS POSITION ON WHAT WOULD BE COVERED IN THE REGULAR BUDGET (REF A, PARA 4) WHICH GROUP B CHAIRMAN ASKED THEM PRODUCE. DURING GROUP B WORKING PARTY MEETING JULY 5 TO DISCUSS ASPECTS OF THIS QUESTION (I.E. HOW TO DEFINE REGULAR BUDGET AND OPERATIONAL ACTIVITIES TO BE FINANCED FROM VOLUNTARY CONTRIBUTIONS) UK ANNOUNCED THAT IT HAD RECEIVED NEW INSTRUCTIONS PERMITTING IT TO ACCEPT CONTINUED FINANCING OF OVERHEAD GAP IN REGULAR BUDGET ALONG WITH SOME ARRANGEMENT DESIGNED TO CONTINUE PROVIDING UNIDO WITH FUNDS THROUGH THE REGULAR BUDGET TO REPLACE ITS LOSS OF REGULAR PROGRAM MONIES FROM THE UN BUDGET. CANADIANS AND AUSTRALIANS ALSO JOINED FRG POSITION.

4. DURING VIGOROUS USDEL RESTATEMENT IN WORKING GROUP OF ITS POSITION ON A DUAL BUDGET, COUPLED WITH AN ATTEMPT AT LEAST TO DISUADE OTHER GROUP B MEMBERS FROM MOVING TO CIRCULATE PROPOSALS WITH RESPECT TO THE LATTER POINT IN THE NEGOTIATING COMMITTEE ON THE GROUNDS THAT IT WOULD (IN CONTRAST TO OVERHEAD COSTS ISSUE) INVOLVE A DIRECT BREECH OF THE PRINCIPLE OF NOT FINANCING TA PROJECT COSTS THROUGH ASSESSMENT, USDEL WAS ATTACKED BY CANADIAN, SWEDISH AND FRG REPS ON THE QUESTION OF THE US POSITION ON THIS SAME ISSUE IN FAO. CANADIANS, FOR EXAMPLE, CHARACTERIZED US AS APPARENTLY THE GENEVA GROUP MEMBER MOST WILLING TO SUPPORT ASSESSMENT FOR TECHNICAL ASSISTANCE ACTIVITIES IN FAO AND ASKED WHY THE US WAS ATTEMPTING TO PUSH INCONSISTENT POSITIONS ON THIS QUESTION. IN ABSENCE OF RESPONSE TO LIMITED OFFICIAL USE

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REF B WE ARGUED ALONG LINES PARA 5 STATE 158388. HOWEVER, AS IN CASE OF EARLIER REPORTED CONVERSATION WITH FRG ON THIS POINT, DELS INVOLVED IN THE DISCUSSION WERE NOT PREPARED TO TAKE A COMPLETELY NEGATIVE LINE ON FINANCING TA ACTIVITIES IN INDUSTRY THROUGH ASSESSMENT WHEN THE SAME POINT APPEARED TO BE ON THE VERGE OF BEING CONCEDED IN RESPECT OF AGRICULTURE.

5. OF MAJOR GROUP B COUNTRIES ONLY JAPAN STILL WITHOUT INSTRUCTIONS ON ISSUES OF OVERHEADS AND REGULAR PROGRAMS. STIBRAVY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUDGETS, INTERNATIONAL ORGANIZATIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976VIENNA05560
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760259-0850
From: VIENNA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760786/aaaacxyd.tel
Line Count: 165
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION IO
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 VIENNA 5551, 76 VIENNA 5414
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 23 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 MAR 2004 by greeneet>; APPROVED <09 AUG 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: THIRD SESSION OF INTERGOVERNMENTAL COMMITTEE TO DRAFT UNIDO CONSTITUTION - BUDGET AND BUDGET-MARKING PROCESS
TAGS: PORG, OCON, AORG, ABUD, UNIDO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006